

In assessing the “benefit” of BPP, as well as the potential cost recovery, each of these submarkets must be analyzed separately for its calling behavior and current market solutions. It is quite possible, for example, that the calling card market segment might be willing to pay “a few cents”⁶¹ for the convenience of BPP, but the bill-to-third/collect portion of the market would not be willing to do so, or vice versa. And, it is equally possible that, as the costs associated with the different kinds of away-from-home calls change, consumers would adapt their calling behaviors to shift to the other kind of away-from-home calling (i.e., from calling card to collect or 1-800).

1. The Calling Card Market

The calling card market is primarily comprised of those customers who have more than an occasional need to make calls when away from their 1+ dialing stations.⁶² But, in U S WEST’s territory only about 25% of our customers have calling cards. Thus, out of a universe of approximately 10 million customers, only 2.5 million have even demonstrated a behavior suggesting frequent calling.

market), when that might not be the real calling dynamic of the away-from-home calling market, is, obviously, disturbing. The entire Commission proceeding could be deemed moot. But, it is another example of how markets, and market responses, do not sit and wait for regulatory solutions. Rather than a disturbing phenomena, the Commission should take great comfort in the ability of the marketplace to derive solutions to what appear to regulators to be thorny consumer problems.

⁶¹See FNPRM, 9 FCC Rcd. at 3331 ¶ 58.

⁶²Compare NTCA at 5 (noting that the “largest portion of 0+ interLATA traffic is generated by savvy frequent travelers who have already availed themselves of the 1-800 and 10XXX options to complete calls with their carrier of choice” (footnote omitted)).

Furthermore, U S WEST believes that these "frequent" away-from-home callers would be more than willing to trade off dialing extra digits for paying extra dollars. This is in no small part because, in the past two to three years, they have become more familiar with the behavior and have had increasing success in reaching their desired carrier.

2. The Bill-to-Third Number/Collect Market

The other aspect of the 0+ market -- the bill-to-third/collect market -- is, undoubtedly, more difficult to isolate in terms of numbers. Theoretically, any U S WEST customer could be in the position of wanting or needing to make a bill-to-third or collect call. Yet, how often they do so, and whether they would be willing to pay the freight for BPP dialing remains something of a mystery -- even at this late date.

What is clear is that this aspect of the market has made heavy use of "1-800-COLLECT" and other 800 services in the past few years. Given the ease with which collect calling is now represented,⁶³ it remains equally unclear that this

⁶³Indeed, MCI's decision to trade name a consumer behavior rather than a corporate brand name was nothing less than ingenious. See "Yes, Brands Can Still Work Magic," Fortune, Feb. 7, 1994, at 133. Even the most haphazard of street corner surveys demonstrates that consumers, especially young ones, know about 1-800-COLLECT. The significance of the young away-from-home calling market should not be discounted. While many adults have calling card access, or are minimally familiar with how to make a call when away from home, many young persons do not have a clue even how to begin. The 1-800-COLLECT mechanism has provided young persons knowing how to spell an almost sure-fire means to reach their parents or other concerned adults in times of need. It would be surprising if this market response changed, in light of its ease of activation and realization.

component of the 0+/- market would be willing to pay for added direct “dialing convenience.”

3. Willingness to Pay Evidence

The record evidence regarding the “desires” of calling card customers for “convenience” is, at best, debatable. The Commission, in its FNPRM, cites to a Pacific Bell focus group survey for the proposition that calling card customers (not all 0+ callers) find that dialing access codes is inconvenient and that convenience is a primary selling point with respect to calling card usage.⁶⁴ In this round of comments, SWBT⁶⁵ and Ameritech⁶⁶ present similar evidence.

On the other hand, as the Commission itself acknowledged, BellSouth has presented evidence that “callers do not view access codes as a significant burden.”⁶⁷ And, Bell Atlantic cites to evidence indicating that “easy dialing” convenience is relegated to fourth place with respect to those aspects of calling card use that consumers find important.⁶⁸ According to Bell Atlantic, above all else, callers will be

⁶⁴FNPRM, 9 FCC Rcd. at 3322 ¶ 10 & n.22.

⁶⁵SWBT at 5 (stating that “consumers find access codes inconvenient and confusing.”). SWBT cites to a 1992 study, showing that 60% of its customers prefer dialing 0+ to dialing access codes; and that of those using access codes, only 25% found them convenient.

⁶⁶Ameritech at 6-8 (citing responses to a 1994 focus group survey).

⁶⁷FNPRM, 9 FCC Rcd. at 3322, n.21. The Commission discounted BellSouth’s evidence (a Bellcore-conducted survey) on the grounds that BellSouth failed “to provide further detail about that survey.” Id. Apparently, in response to the Commission’s actions, BellSouth has filed the entire transcript of the survey in this round of proceedings. See BellSouth at Appendix C.

⁶⁸Bell Atlantic at 9, n.17 and 10 n.20 (discussing a 1992 customer survey).

motivated by call savings, i.e., by discounts.⁶⁹ Even Ameritech (a supporter of BPP) advises that a consumer's "dialing method is significantly influenced by price."⁷⁰

Given the fact that the consumer response that Bell Atlantic proffers and that Ameritech admits exists appears to be totally reasonable economic behavior, before the Commission rejects it in favor of some other theory of consumer behavior, it should, at the very least, have more to support its position than a simple willingness to accept or agree with one position in the "battle of the studies." In this proceeding, given the huge amount of dollars involved, the Commission cannot confidently adopt the findings of one proffered "study" or focus group over the others.

In conducting consumer research (as is the case in conducting any research), the particular wording of a question is critical with respect to the answer received.⁷¹ A question as to the general desirability of a feature, as opposed to rank ordering of importance, or willingness to pay, can be critical in assessing the "desirability" of the feature or service to the consumers. Furthermore, while focus group data (or unscientific "surveys") have their place in Commission proceedings, their evidentiary value is limited.⁷² Such information is -- relatively -- not very difficult or

⁶⁹Id. at 10 n.20.

⁷⁰Ameritech at 7.

⁷¹See Intellicall at 14-15.

⁷²U S WEST is not fundamentally opposed to focus group data. Indeed, we have submitted the same with the Commission in other contexts. However, our submissions of such "evidence" are generally in support of the non-incursion of expenditures, not the incursion. Given the lack of scientific support for such evidence, the Commission should be much more circumspect in using such evidence to

expensive to secure, but it cannot form the basis for a decision to go forward with a project with the magnitude of BPP. This is especially the case where the “willingness to pay” is critical to the matter of cost recovery for a Commission-mandated offering, not the marginal marketplace acceptance of some new carrier-initiated “product.”

Given the lack of immediate consumer input to this BPP docket,⁷³ the Commission should -- at the very least -- validate its own inclinations about consumers’ calling behaviors and their correspondent willingness to trade off dialing convenience for lower prices with some statistically verifiable study of consumer preferences. While it is the case that the Commission generally relies on parties to a docket to submit supporting documentation of their positions, where credible evidence is lacking to support a fundamental component of a Commission decision, the Commission cannot point fingers at the “absence” of evidence. It needs to support its decisions with facts, even if those facts are of its own making. In a proceeding where evidence points to totally contrary conclusions, and where a certain conclusion is essential to sustain the Commission’s position (predictive as it is), the Commission must support its prediction with more than a “we agree” statement of support. This is especially true when the Commission’s predictions are with regard

support the commitment of substantial investment, especially in light of contradictory evidence.

⁷³Indeed, in recognition of this absence, the Commission specifically requested that consumer organizations weigh in. See FNPRM, 9 FCC Rcd. at 4425 ¶ 18. U S WEST is not confident that “consumer” groups represent the predictable economic behavior of their alleged constituency, as often they themselves have engaged in no direct polling or scientific analysis of their constituents.

to mass market consumer behavior, something that is almost totally unrepresented in Commission proceedings by representations from mass market consumers themselves, and regarding which the Commission is almost always dependent on hearsay evidence.

U S WEST suspects that such a study would support the Commission's conclusion that consumers will pay "a few cents"⁷⁴ for away-from-home dialing convenience. Yet, what the Commission faces with BPP deployment is a convenience surcharge far in excess of "a few cents." The evidence in this proceeding shows surcharges easily in the two-digit range.⁷⁵

Based on U S WEST's calculations,⁷⁶ depending on the scope and source of the cost recovery, the additional charges to consumers would range from \$.42 (price per LIDB interLATA call attempt query, including estimated access code calls), \$.84 (price per LIDB interLATA call attempt query, excluding estimated access code calls), to \$1.39 (price per estimated completed interLATA, interstate calls

⁷⁴Id. at 3331 ¶ 58.

⁷⁵See CBT at 6 (\$.87 per call); USLD at 9 (\$.60 to \$1.00 per call). Compare FNPRM, 9 FCC Rcd. at 3331 ¶ 58 n.88 (where the Commission references a theoretical addition of \$.15 per OSP call, presenting nothing more than speculation that such might not be passed on to consumers).

⁷⁶As U S WEST has indicated (see note 48, supra), we are uncertain as to the source of the Commission's conclusion that our Total Recurring costs under BPP will be only \$27.8M, as we see them more in the area of \$45.1M. The calculations discussed herein were made based on the following assumptions: Assumptions Regarding Costs: (1) that our recurring BPP costs are \$45.1M per year; (2) that the amortization of the non-recurring capital and expense over a five-year-period would equal \$30M; (3) that balloting and service charges to implement BPP in a Line Information DataBase ("LIDB") environment would be \$29.7M and amortized over a five-year period would equal \$5.9M per year, for a total annual U S WEST BPP cost over a five-year period of \$81.M per year. Assumptions Regarding LIDB: (4) that 194 million interLATA LIDB validation queries that represent call attempts are done in a year (without regard to the end-user method of dialing); (5) that 50% were 0+ originated; and (6) that 60% of all call attempts result in completed calls.

subsequent to a LIDB query per call, excluding estimated access code calls) -- hardly a “few cents.”

4. Lessons of the Marketplace

Ultimately, while the 0+ market may be substantial in terms of revenues, its fundamental difference from the 1+ market (e.g., a 1+ station serving many potential callers from a single source, a “passive” station waiting to be used), the willingness of individuals away from home calling from various types of calling stations (hotel/motel, universities, payphones, etc.) to bear the “costs” for the extra convenience of being able to “hook back” into their presubscribed 1+ carrier, is not evident.⁷⁷ Nor is it evident why this market should have even more “hard wired” choices available to its constituents (e.g., two 0+/- carriers) than does the 1+ market.

In terms of individual consumer impacts, the 1+ interstate calling market undoubtedly affects more individuals than the “away-from-home” calling market. The fact that the Commission proposes that each and every LEC customer be “balloted” with respect to their 0+/- traffic, regardless of what kind of existing calling card capabilities an individual subscriber has, and regardless of whether the LEC customer ever engages in calling card or bill-to-third or collect behavior, is obviously overbroad and very expensive. And, the fact that under the Commission’s BPP proposal, the “away-from-home” calling market would be afforded two

⁷⁷USOC’s data is an important contribution to the record, in this regard. USOC at 2-7, 8-12.

presubscribed options, flies in the face of market rationality. It is a position that is logically and legally not sustainable.

The real lesson of away-from-home consumer calling behavior over the last two to three years is just the contrary of what the Commission's BPP proposals and analyses suggest. Rather than wanting a "presubscribed" carrier, the 0+/- calling market has demonstrated the value in being able to choose -- in real time -- a carrier of choice. And, more and more often, that choice is based on the deal of the day or the lowest provider for the particular type of call being made.

It is this kind of real-time calling choice that the Commission should encourage the LECs and the IXC's alike to be pursuing. The technology and intelligence of the AIN, for example, with its multiple routing capabilities and menu offerings, and the increasingly sophisticated voice technologies, are all tools that customers can and will have at their disposal to increase their calling choices. Any type of "presubscription" approach works at cross purposes with the future technologies and the momentum of the marketplace.

Furthermore, as some commentators have pointed out,⁷⁸ in an increasingly computerized culture, the use of "codes" (be they access, identification, or control codes) will become all the more familiar to consumers.⁷⁹ They will be used for call management purposes and for message retrieval; for turning on and off alarms,

⁷⁸See, e.g., LDDS at 8.

⁷⁹And, as the Commission predicted, "callers [have] become more comfortable with access codes over time," as quoted by Polar/Digital at 5 (citing to the Commission's FNPRM, 9 FCC Rcd. at 3322 ¶ 10).

sprinkler systems, environmental control systems, etc. In all circumstances where a consumer sees a benefit from using such codes, particularly an economic one in the way of lower rates, U S WEST believes they will be motivated to do so.

Away-from-home calling presents no compelling market phenomena to suggest to the contrary. A customer who, on Monday, received, signed, and returned his/her 0+/- presubscription ballot card, probably chose its 1+ carrier as its 0+/- carrier.⁸⁰ If that customer makes no away-from-home calls, the entire process will have been a waste. If that customer makes calling card calls, chances are the customer already knows how to get its preferred carrier and will not appreciate paying more tomorrow for the call than today. If that customer makes bill-to-third or collect calls, the campaign cry of "1-800-COLLECT" will still ring in his/her ears as they go to make the call. U S WEST evidence suggests, they will call "1-800-ATT" or "1-800-COLLECT," if that number/service offers lower calling rates than (very expensive) presubscribed 0+/- carrier rates. And the Commission cannot assume, let alone not be able to guarantee,⁸¹ otherwise.

⁸⁰The Commission itself acknowledges that this is a possibility. See FNPRM, 9 FCC Rcd. at 3327 ¶ 32, 3332 ¶ 67.

⁸¹Id. at 3324 ¶ 15 n.30, 3335 ¶ 88.

IV. COST RECOVERY PRINCIPLES ARE CRITICAL TO THE COMMISSION'S BPP PROPOSAL. A BROAD COST-RECOVERY MECHANISM WOULD BE CONTRARY TO THE COMMISSION'S TRADITIONAL "COST CAUSER=COST PAYOR" POLICIES. A TARGETED COST RECOVERY DEPENDS ON, BUT CANNOT CONTROL, CONSUMER CONSUMPTION VARIABLES. THUS, THE POTENTIAL IS THAT A CONFISCATORY REGULATORY POLICY WILL BE ADOPTED.

In its FNPRM, the Commission notes various positions of parties with respect to cost recovery. For example, it notes that some commentators urge a broad-based recovery, along the lines of a subscriber line charge;⁸² others suggest general increases in access charges.⁸³

In its request for comment, however, the Commission specifically asked for comment on only three proposals: that the costs of BPP be recovered from those making BPP calls; that the costs be recovered from BPP and 10XXX calls (with no mention of other dial-around methods, such as 950- or 1-800-type calls); and that the costs be recovered from all operator service calls (i.e., 0+ and 0- calls).⁸⁴ In essence, the Commission implicitly rejected a broad-based, universal-type cost recovery, apparently on the theory that such a recovery mechanism would not be consistent with its traditional "cost causer/cost payor" philosophy.⁸⁵

⁸²See id. at 3330 ¶ 55 (citing NYNEX and LinkUSA).

⁸³See id. (citing to MCI).

⁸⁴Id. at 3331 ¶ 59.

⁸⁵Id. ¶ 58.

While certain commentators continue to urge broad-based recovery models,⁸⁶ U S WEST agrees with the Commission's at least tacit finding that such broad coverage fails, in even the grossest way, to align BPP costs with those to be benefited, i.e., those who would make BPP-type calls. Thus, the issue is: Which of the Commission's currently suggested proposals most aligns itself with the Commission's long-standing cost recovery policies? And, once aligned, can such a recovery mechanism assure LECs actual recovery of their substantial BPP costs?

Unless the Commission chooses either to burden every telephone subscriber in the United States with the burden of BPP cost recovery or to burden every 0+/- call with extra costs (despite the fact that customers are currently speaking with their pocketbooks by changing their calling traffic to realize advertised savings), customers' calling behaviors will gravitate to the calling choices that offer cost-unencumbered options.

As Bell Atlantic has shown, customer convenience is not the primary consideration for customers when making calls away from home; cost is.⁸⁷ Thus, so long as customers are willing to forego convenience for cost, they will be willing to dial around any BPP structure.⁸⁸ In essence, the consuming market would be saying,

⁸⁶See, e.g., GTE at 15; MCI at 4-6. Compare ONCOR at 32-33. U S WEST agrees with ONCOR that these broad-based proposals are generally attempts to get someone else to pay for the BPP offering, rather than the few select carriers that support the proposal.

⁸⁷See discussion above at Section III.A.3.

⁸⁸See FNPRM, 9 FCC Rcd. at 3324 ¶ 15 n.30, 3331 ¶ 58.

“Thanks, but no thanks” for the purported convenience.⁸⁹ In the wake of the consumer’s ultimate vote with respect to BPP would be substantial stranded LEC investment.

If the Commission attempts to structure a LEC cost recovery around those making “BPP calls,” it will establish a cost-recovery mechanism over which it has no control. Such a cost-recovery mechanism will be dependent totally on consumer calling behaviors. As the current record evidence casts serious doubt on the Commission’s ability to predict what those calling patterns will be, and because the Commission cannot mandate or control one calling behavior over another, there is no way to structure a cost recovery mechanism reasonably predictive of success.

While the Commission prohibits the use by call aggregators of “dial-around” customer premises equipment (“CPE”),⁹⁰ that action will not be sufficient to deter customers interested in pursuing alternative calling arrangements (which might carry monetary discounts) from pursuing them. Unless the Commission goes further within the context of a BPP environment, i.e., prohibiting consumers from dialing around presubscribed carrier phones or extracting compensation from all callers using operator services calling patterns, the Commission cannot reasonably predict -- let alone assure -- LEC cost recovery of BPP.

⁸⁹See INS at 25.

⁹⁰FNPRM, 9 FCC Rcd. at 3334 ¶¶ 81-82.

Attempting to secure a cost recovery from “BPP and 10XXX calls,” while it presents a broader universe available for spreading the costs, appears -- at best -- to be arbitrary. While it picks up some consumer “dial-around” calling behaviors, it does not pick up all of them (e.g., 950 or 1-800 access).⁹¹ Why certain customers who currently dial around to contact their carrier of choice (a behavior promoted by the passage and implementation of TOCSIA)⁹² should bear the costs associated with a regime implemented to permit the convenience of not dialing around is mystifying. The only justification for such a cost-recovery mechanism would be to penalize those customers willing to dial extra digits for extra savings.⁹³ And, it would not penalize all customers seeking such savings -- just some of them.

This drives one to look at a more expansive cost-recovery model, such as one based on all operator services calls. A number of commentators support this model for cost recovery.⁹⁴

⁹¹See NYNEX at 14; BellSouth at 19-21 (both arguing that these dial-around mechanisms cannot be excluded from BPP cost recovery and still expect such recovery to occur).

⁹²As Polar/Digital notes, the Commission itself found in 1992 that “consumers are increasingly making use of [their] options to dial-around OSPs and reach their preferred carrier.” Polar/Digital at 5, citing the TOCSIA Final Report at 30.

⁹³In a “BPP call only” cost-recovery mechanism, these access code dialing customers would not bear any costs if they chose to dial around rather than make a BPP call. It is certainly conceivable that some consumers will make this choice, especially as it has become a familiar behavior for them. A “BPP and 10XXX” cost recovery structure attempts to deprive them of this savings option. It is the equivalent of saying: “We know you want this convenience, and you will pay for it, use it or not.” This is hardly in keeping with the Commission’s deference to consumer calling desires. See FNPRM, 9 FCC Rcd. at 3327 ¶ 32 (where the Commission states that it sees no reason to frustrate consumer decisionmaking regarding carrier selection choices), 3334 ¶ 82 (where the Commission determined that consumers should not be deprived of dial-around options.).

⁹⁴See SNET at 7; SWBT at 7 (this is the only model that “yield[s] [the] required participation levels”); AT&T at 8 (all 0+ calls, including intraLATA).

In its FNPRM, the Commission never addressed or analyzed this model. While not universal in its coverage, it is the model which theoretically spreads the costs the most broadly, adding less costs to each call. But the logic, again, is problematic.

This model seeks to drive a change in consumer calling patterns rather than reflect one. It seeks to encumber every operator services call with a “convenience surcharge,” in the hope that -- over time -- dial-around and non-BPP calls will convert to BPP calls (because of the absence of discounts or loading of costs on each call). It is a punitive cost-recovery mechanism from a marketplace perspective, because it actually seeks to convert itself into the “BPP only” cost recovery model through a form of taxation on those rejecting the BPP calling convenience itself.

Finally, there is little or no reason to assume that the costs of any BPP implementation can lawfully be shared or assigned to the intrastate jurisdiction. Yet, the Commission has refused to investigate their assignment solely to the interstate jurisdiction.⁹⁵ This refusal will, in and of itself, jeopardize LEC cost recovery.⁹⁶ The ultimate cost-recovery impossibility created by such a regulatory model clearly presents grounds for reversal on appeal.

⁹⁵See FNPRM, 9 FCC Rcd. at 3331 ¶ 60.

⁹⁶See, e.g., SNET at 7.

V. ALTERNATIVES TO BPP CAN BE DEvised TO PROTECT AGAINST EXORBITANT RATES

The Colorado PUC, as well as others,⁹⁷ persuasively argue that something less than employing an elephant to kill a fly might work to protect consumers against exorbitant OSP rates, while still allowing the OSP market to grow and continue to provide its many public service benefits. U S WEST agrees. This is especially true since the Commission found as far back as 1992 that exorbitant charging by OSPs was “increasingly rare.”⁹⁸

Any lingering Commission concern with respect to the level of OSP rates, or the problems associated with regulatory complaints about such rates,⁹⁹ can be adequately addressed through an OSP rate prescription, an action which the Commission is fully empowered to undertake.¹⁰⁰ The Commission can prescribe a fair rate

⁹⁷See Colorado PUC at 2-7. And see Teltrust at 13-16; NYNEX at (i), 13; Bell Atlantic at 3; INS at 21-23; TCG at 1-2; AMNEX at ii, 1-2, 7-8, 21-22; Cleartel/Call America at 1-2, 12-13; CompTel at 39-46; USLD at iii, 11, 15-16; Intellicall at Summary, 1, 6-7, 26; APCC at 30-31.

⁹⁸See Polar/Digital at 15, quoting from TOCSIA Final Report at 19. See also FNPRM, 9 FCC Rcd. at 3321 ¶ 4 n.5.

⁹⁹See id. at 3324 ¶ 16 & n.31.

¹⁰⁰See 47 USC § 226(h)(4)(A). And see Teltrust at 14.

ceiling and assure that no OSP tariffs exceed that ceiling.¹⁰¹ In the event of a violation, the Commission is fully capable of meting out appropriate discipline.

VI. CONCLUSION

BPP is not in the public interest. It is unnecessary in the current marketplace, as consumers clearly have multiple carrier access options today. And, those consumers are exercising their options in an increasingly bully manner. The current marketplace is reflective of the richness of supplier creativity and the flexibility of real-time customer choice. BPP would only operate as a detour on the road to further technological and marketplace dynamism.

BPP, by requiring LECs to expend scarce resources on a massive telecommunications access and billing infrastructure, will only depress LEC investment in other, more market-driven technologies and services. The extent of such depression will be directly correlated to the ultimate price tag extracted by BPP. And, as the filed comments make clear, that price tag is far from well understood, and can only be expected to increase over time.

¹⁰¹At this time, U S WEST does not take a position on where, on a continuum, a “fair” rate ceiling would lie. Commenting parties suggest different alternatives (see, e.g., Teltrust at 2-3 (any rate ceiling should be based on the particular cost structures and other idiosyncrasies of the OSP industry and not just on the rates charged by the “Big 3” IXC); compare NYNEX at 7 (arguing that the cost structure of smaller OSPs makes it unlikely that they would charge the same rates for operator services as MCI/AT&T/Sprint), 13 (suggesting that allowing a 10% recovery over the weighted average of the Big 3 IXC rates might be appropriate); id. (rate ceiling should be set by major IXC rates). To the extent that U S WEST has a position on precisely where the rate ceiling should be, we would have ample opportunity to submit comments on that matter at the point that the Commission seeks to define and deploy such a structure.

Whatever those costs turn out to be, U S WEST does not believe they will result in a “few cents” per call being added to the consumer marketplace. Rather, the BPP per-call surcharge has the potential to be large, creating an actual impediment to its very usage. Attempts to defeat that surcharge through broad-based cost recovery mechanisms would work at cross purposes with both economic rationality and marketplace equity.

In essence, there is virtually nothing positive to say about BPP at this point in time. It represents a multi-faceted, multi-carrier telecommunications infrastructure investment of massive proportion, benefiting primarily those calling customers (and potential calling customers) who either cannot or do not currently use access or bypass codes in conjunction with their away-from-home dialing.¹⁰² It is quite possible that the entire BPP infrastructure might well be created not for the majority of away-from-home callers, but for those who never become such callers or who do so only occasionally.

For those away-from-home callers with more sophistication or with more frequent calling needs, rational consuming behavior suggests that they will gravitate to the calling option or service that provides the service at the best price. BPP calling certainly will not be it.

¹⁰²See FNPRM, 9 FCC Rcd. at 3323 ¶ 11.

The Commission should terminate this BPP proceeding, finding that BPP is no longer in the public interest.

Respectfully submitted,

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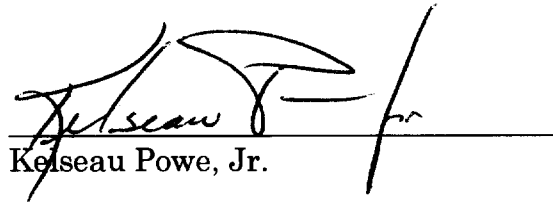
September 14, 1994

APPENDIX - List of Parties Filing Comments Referred to Herein

American Network Exchange, Inc. ("AMNEX")
American Public Communications Council ("APCC")
America's Carriers Telecommunications Association ("ACTA")
Ameritech Operating Companies ("Ameritech")
AT&T Corp. ("AT&T")
Bell Atlantic Telephone Companies ("Bell Atlantic")
BellSouth Telecommunications, Inc. ("BellSouth")
Capital Network System, Inc. ("CNS")
Cherokee Communications ("Cherokee")
Cincinnati Bell Telephone Company ("CBT")
Cleartel Communications, Inc. and Call America
("Cleartel/Call America")
Colorado Public Utilities Commission ("Colorado PUC")
Competitive Telecommunications Association ("CompTel")
GTE Service Corporation on behalf of GTE's domestic
telephone companies ("GTE")
Intellicall Companies ("Intellicall")
Iowa Network Services, Inc. ("INS")
LDDS Communications, Inc. ("LDDS")
MCI Telecommunications Corporation ("MCI")
National Telephone Cooperative Association ("NTCA")
National Tele-Sav, Inc. ("NTI")
New York Telephone Company and New England Telephone
and Telegraph Company ("NYNEX")
Oncor Communications, Inc. ("ONCOR")
Operator Service Company ("OSC")
Pacific Bell and Nevada Bell ("Pacific")
Polar Communications Corp. and Digital Technologies, Inc.
("Polar/Digital")
Rochester Telephone Corporation ("Rochester")
Southern New England Telephone Company ("SNET")
Southwestern Bell Telephone Company ("SWBT")
Teleport Communications Group Inc. ("TCG")
Teltrust, Inc. ("Teltrust")
United States Telephone Association ("USTA")
U.S. Long Distance, Inc. ("USLD")
U.S. Osiris Corporation ("USOC")
U S WEST Communications, Inc. ("U S WEST")

CERTIFICATE OF SERVICE

I, Kelseau Powe, Jr., do hereby certify that on this 14th day of September, 1994, I have caused a copy of the foregoing **REPLY COMMENTS**, to be served via first-class United States Mail, postage prepaid, upon the persons listed on the attached service list.



Kelseau Powe, Jr.

***Via Hand-Delivery**

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